



OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: December 10, 1998

REPLY TO

ATTN OF: Inspector General

SUBJECT: FY 1999 Final Audit Plan

TO: Chairman

The Fiscal Year (FY) 1999 Audit Plan for the Office of Inspector General (OIG) is attached. The plan identifies a number of Commission programs and operations that have been scheduled for audit during FY 1999. This plan identifies audit activity that the OIG has initiated as well as new projects that we will be performing to support the Commission in its ongoing efforts to meet its mission objectives.

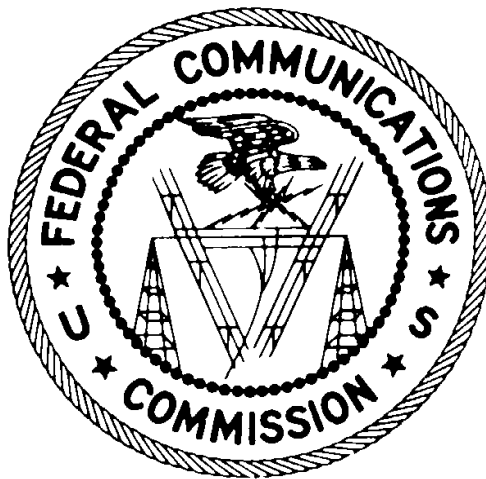
The focus of our planned audit assignments in FY 1999 will be: automation initiatives and the validity of core FCC Bureau data bases to include addressing internal Y2K activity; timeliness and accuracy of FCC financial reporting data; systems development life-cycle methodology; contract formulation, administration and oversight; and, compliance with the Government Performance Review Act (GPRA) and related adoption of Customer Performance Standards. Contingent on funding, the OIG will also continue the Field Inspection Program (FIP) which was reinstated in FY 1997 when OIG staff visited seven FCC offices around the country. At the request of the Chief, Compliance and Information Bureau (CIB), no field inspections were performed in FY 1998 pending the results of the ongoing reorganization.

The attached plan represents the goals I have set forth for FY 1999 and is contingent upon successfully staffing three audit positions which are vacant at this time as well as our obtaining requested funding for contract audit support. It is also contingent upon the level of audit resources necessary to support investigative activity. We look forward to your continued support of this office.

H. Walker Feaster III

Attachment

FEDERAL COMMUNICATIONS COMMISSION



OFFICE OF INSPECTOR GENERAL

ANNUAL AUDIT PLAN

FISCAL YEAR 1999

FISCAL YEAR 1999 AUDIT PLAN

1. Financial Statements
2. Auction Non-Tax Delinquent Debt
3. Implementation of Government Performance and Review Act (GPRA)
4. Systems Development Methodology
5. Y2K Initiative
6. FCC Auction Site Information Technology Security (Gettysburg and Portals)
7. Acquisition Activity: Floorchecks, Voucher Reviews, Incurred Cost etc.
8. Fines and Forfeiture System
9. National Call Center
10. Field Inspection Program

FINANCIAL STATEMENT AUDIT

REASON FOR SELECTION

The OIG in previous audit reports identified significant deficiencies in the financial accounting and reporting system of the FCC which resulted in part from the systemic shortcomings of the National Finance Center. As a Federal agency, the FCC is required to meet financial accounting requirements proscribed by the General Accounting Office, Office of Management and Budget and the Treasury Department. Based upon OIG audit findings and internal analysis performed by staff within the Office of the Managing Director (OMD), in FY 1995, the FCC converted to a new accounting system, the Federal Financial System (FFS). The OIG has not performed financial audit activity subsequent to the conversion to assess the status of FCC financial accounting and reporting practices.

AUDIT OBJECTIVE

The overall objective is to formulate an opinion on the FCC's FY 1999 financial statements in accordance with generally accepted auditing standards (GAAS), Government Auditing Standards (GAS), and Office of Management and Budget (OMB) Bulletin No. 98-08. The OIG will initiate a three phase approach towards auditing the Commission's financial accounting and reporting system as summarized below.:

- Phase 1. Comprehensive Audit Planning.
- Phase 2. Internal Control Compliance Testing.
- Phase 3. Financial Audit.

BENEFITS TO BE DERIVED

The OIG will work with the Chief Financial Officer to bring the FCC's financial accounting and reporting system into compliance with applicable laws, regulations and circulars.

AUDIT OF AUCTION NON-TAX DELINQUENT DEBT

REASON FOR SELECTION

The Subcommittee on Government Management, Information and Technology, Committee on Government Reform and Oversight, has raised concerns as to the collectivity of non-tax delinquent debt owed the Federal Government. Accordingly, the President's Counsel on Integrity and Efficiency (PCIE) is sponsoring a multi-agency review to determine the amount of non-tax delinquent debt that exists and the ability of the Government to collect this debt. The FCC will participate in this project.

AUDIT OBJECTIVE

To determine whether the OIG is in compliance with applicable rules and regulations as promulgated by Congress in the Debt Collection Improvement Act of 1996. The OIG will seek to validate that non-tax related auction debts are properly established, tracked and subject to appropriate collection action to include referrals to the Financial Management Service when determined to be delinquent in excess of 180 days. The audit will also encompass front-end controls to mitigate the potential for delinquent debtors.

BENEFITS TO BE DERIVED

FCC management will be made aware of any deficiencies in existing FCC debt collection and referral practices.

IMPLEMENTATION OF GOVERNMENT PERFORMANCE AND REVIEW ACT

REASON FOR SELECTION

The Government Performance and Results Act of 1993 (GPRA) is intended to improve efficiency and effectiveness of federal programs through the establishment of specific goals for program performance. Specifically, the Act requires agencies to prepare multi-year strategic plans, annual performance plans, and annual performance reports to be issued by March 31 each year, with the first (for FY 1999) to be issued by March 31, 2000. The Director, Office of Management and Budget, has called upon IGs to "assess agencies' technical compliance with the Results Act as well as their capacity to comply from a data and systems perspective."

AUDIT OBJECTIVES

The OIG will provide the Chairman with ongoing status reports which will define the status of Commission efforts towards fully addressing Act requirements. Specifically, the OIG will review the methodology that has been implemented by the Commission to address all phases of GPRA. This will encompass a review of documentation supporting the formulation of the long term and annual performance plan as well as the framework established to track actual performance towards meeting performance goals.

BENEFITS TO BE DERIVED

The audit will provide the Chairman with an independent and comprehensive analysis of the FCC's performance as it seeks to fully implement and address requirements of the Act.

SYSTEM DEVELOPMENT REVIEW METHODOLOGY

REASON FOR SELECTION

On September 25, 1998, the Office of Inspector General (OIG) issued a final report entitled Special Review of FCC Collection System. The objectives of this review were to: (1) examine the current operation of the system and assess its ability to meet requirements; (2) assess on-going and planned system development/modification efforts and determine their effect on system performance following implementation; and, (3) develop recommended systems performance solutions including identification/assessment of commercially available products.

During this review, we identified conditions adversely affecting the successful development of this system which we have reason to believe may be systemic. These conditions include issues associated with technology (e.g., lack of configuration management, inadequate separation of development and production environments, inappropriate use of available development tools), program management (e.g., lack of a Commission-wide SDLC, lack of government financial management expertise on the development team, inadequate analysis of requirements), and contract management (e.g., inadequate status reporting, inadequate defined SOW objectives).

AUDIT OBJECTIVE

The objectives of this review will be spread over two phases. In phase one, the team will assess the current condition of the Commission's system development methodology. Through the conduct of phase two, the OIG will identify, modify, and deliver a systems development methodology tailored to meet the needs of the Commission's systems development environment. This will be an interactive project involving the OIG, Customer Service Representatives and designated Bureau and Office personnel.

BENEFITS TO BE DERIVED

A structured approach which can be used to plan, develop, acquire and maintain Commission information systems. Such a well tailored methodology can minimize the risk of missing scheduled project completion dates, costs overruns, and user dissatisfaction throughout the information systems life cycle. Proper controls established and followed in planning, developing and implementing information systems can result in increased economy and efficiency for the Commission.

Y2K INITIATIVE

REASON FOR SELECTION

The upcoming Year 2000 date change poses an unprecedented challenge to agencies such as the FCC. Offices of Inspectors General throughout the Federal government are working cooperatively with management to address the challenge.

AUDIT OBJECTIVE

The OIG through the completion of a detailed audit plan will determine whether the FCC has implemented an initiative that is reasonable and able to meet the required schedule established by such entities as the General Accounting Office and Office of Management and Budget.

BENEFITS TO BE DERIVED

The audit fieldwork will be accomplished and the Chairman informed as to whether the FCC Y2K initiative is fundamentally sound and will provide the Commission with operational systems into the new millennium.

FCC AUCTION SITE INFORMATION TECHNOLOGY SECURITY

REASON FOR SELECTION

The Office of Inspector General (OIG) has issued a series of Special Review Reports focusing upon auction site information technology (IT) security. During FY 1999, the OIG will expand upon this prior activity to encompass an IT security review at both the Gettysburg facility and at the new auction facility to be located at the Portals.

AUDIT OBJECTIVE

The objective of these reviews is to continue to provide independent expertise to the Commission in the field of IT security over complex and highly sensitive auction related automated systems maintained by the Wireless Telecommunications Bureau. Through analysis and testing, the OIG seeks to identify security improvements or modifications which will further enhance the robust security environment already established by FCC personnel and contractors to provide a higher level of assurance that these systems will not be compromised by unauthorized parties.

BENEFITS TO BE DERIVED

Due to the high visibility and sensitivity of auction data, ongoing efforts by this office to further assess and strengthen the security posture of auction related IT systems will be undertaken.

ACQUISITION ACTIVITY

REASON FOR SELECTION

The OIG is staffed to conduct traditional pre-award, contract performance, contract oversight and post-performance contract audits. Additional audit resources may be dedicated towards examining the effectiveness and efficiency of internal FCC procurement operations and practices. A dedicated effort in these areas can have a significant and positive impact on the operations and finances of the Commission. In FY 1998, OIG auditors worked in concert with the Chief, Contracts and Purchasing Center, to identify significant cost savings to the Commission. This activity is viewed as a long term and ongoing functional activity of the OIG.

AUDIT OBJECTIVES

On an ongoing basis, OIG auditors will work in a constructive manner with Contracts and Purchasing Center staff to optimize procurement operations and validate the timely and proper delivery of goods and services to the agency. Auditors will accomplish these overriding objectives by ensuring that contractors and vendors are: properly selected; tasks and deliverables are well defined and received as dictated by terms of the contract; and, that prices paid are fair, supportable and consistent with contractual language. The OIG will continue to assist Contracts and Purchasing Center staff in ensuring that Contracting Officers Technical Representatives (COTRs) are well trained and meet appropriate COTR performance requirements.

BENEFITS TO BE DERIVED

The OIG will work closely with the Contracts and Purchasing Center staff to maximize the use of finite funds available to the FCC. The auditors can have a constructive impact towards ensuring that the acquisitions process provides the end user with the best goods and services available to meet their mission requirements in a legal and ethical manner.

FINES AND FORFEITURE TRACKING SYSTEM

REASON FOR SELECTION

On February 25, 1991, the OIG issued the "Report on the Performance Audit of the FCC's Fine and Forfeiture System". The report contained ten recommendations which resulted from OIG findings of deficiencies in the tracking, follow-up and, collection of fines and forfeitures assessed by the Commission. Corrective action to address the OIG recommendations were subsequently categorized by the Commission as completed. The assessment and subsequent collection of fines and forfeitures is a primary tool of the FCC to facilitate compliance with Commission rules and regulations. As such, the OIG believes that this program should be revisited.

AUDIT OBJECTIVE

To determine whether the Commission's mechanisms and procedures for tracking and collecting fines and forfeitures ensures the collection of moneys owed the government.

BENEFITS TO BE DERIVED

The Commission levies fines and forfeitures as a means of ensuring compliance with FCC's applicable rules and regulations. This audit will provide the Chairman with an assessment as to the accuracy of data bases maintained by the Commission and status of collection activity.

NATIONAL CALL CENTER

REASON FOR SELECTION

The National Call Center (NCC) which began operations on June 3, 1996, was established in order to provide FCC customers with, timely, up-to-date, and accurate information in a professional and courteous manner. The NCC which is located in Gettysburg, Pa. has not been the subject of an independent assessment. As the NCC is a core link between the FCC and the public OIG audit activity in this area is warranted.

AUDIT OBJECTIVE

To perform an independent analysis as to whether the NCC is addressing the needs of customers (e.g., timely service, accurate and reliable information) and, has met build-out benchmark dates within projected cost and staffing parameters..

BENEFITS TO BE DERIVED

The OIG will perform and report upon results of an independent analysis as to the operations of the NCC.

FIELD INSPECTION PROGRAM

REASON FOR SELECTION

In FY 1995 the OIG initiated the Field Inspection Program (FIP). In its first year the results generated by FIP proved to be outstanding. In FY 1996, funding constraints and the reorganization of the Compliance and Information Bureau (CIB) resulted in the program being placed on hiatus. In FY 1997 the program was reinstated as OIG staff inspected FCC offices in seven locations, including two Regional Directors offices co-located with field offices (San Francisco and Kansas City). The inspections cataloged a program in transition as CIB initiated a program to reinvent itself in the face of changing mission requirements and office closures and downsizing. The OIG agreed to suspend inspections in FY 1998 to allow time for the new structure to evolve. This re-invention is an ongoing exercise which requires further analysis on the part of the OIG.

AUDIT OBJECTIVES

The objective of FIP is to perform a detailed checklist review at field locations in order to independently assess and report on field operations to headquarters management. In addition to evaluating compliance with rules and regulations, FIP is geared towards looking for best practices, and facilitating communication between FCC staff in the field and the balance of the organization. In FY 1999, additional emphasis will be placed upon the interface between headquarters CIB and other Bureaus/Offices as well as between headquarters CIB and the field.

BENEFITS TO BE DERIVED

The benefits of a FIP to the Commission manifest themselves in numerous ways. In addition to assessing field compliance with laws and regulations, the inspections serve as a conduit between the field and headquarters operating units. Issues that may impede successful discharge of missions and responsibilities can be identified and addressed and initiatives and successful practices which are employed at one location can be transported to other locations.